

**UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF NEW YORK**

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,**

Plaintiff,

v.

**SPONGETECH DELIVERY SYSTEMS, INC.,
ARM ENTERPRISES INTERNATIONAL, INC.,
STEVEN Y. MOSKOWITZ, MICHAEL E.
METTER, GEORGE SPERANZA, JOEL
PENSLEY, and JACK HALPERIN,**

Defendants.

**Civil Action No. 10-CV-2031
(DLI)**

DECLARATION OF STEPHEN P. GLASCOE

I, Stephen P. Glascoe, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a Senior Market Surveillance Specialist in the Office of Market Surveillance, Division of Enforcement, of the United States Securities and Exchange Commission (the “SEC” or “the Commission”). As a part of my daily surveillance activities, I review trading surrounding major news announcements involving the securities traded on United States markets. I submit this declaration in support of Plaintiff Securities and Exchange Commission’s Motion for Issuance of Preliminary Injunction, Asset Freeze, and Other Relief. The facts set forth herein are based upon my personal knowledge or upon information contained in the files of the Commission.
2. On April 20, 2010, the staff of the SEC’s Division of Enforcement (“the Staff”) requested that I review the trading in the securities of Spongetech Delivery Systems, Inc. (“SPNG”) following the Commission’s temporary suspension of trading, terminating at 11:59 p.m. on October 16, 2009.
3. On October 5, 2009, the Commission temporarily suspended trading in SPNG equity securities because questions had been raised about the accuracy and adequacy of publicly disseminated information concerning, among other things, the amount of sales and customer orders received by

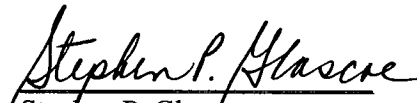
Spongetech, investment agreements entered into by Spongetech, and Spongetech's revenues as reported in its financial statements. In addition, Spongetech had not filed any periodic reports with the Commission since the period ended February 28, 2009.

4. Prior to the Commission's trading suspension, Spongetech's common stock was quoted on the Over-the-Counter Bulletin Board ("OTCBB"). The OTCBB, initiated in June 1990, is a regulated quotation service that displays real-time quotes, last sale prices, and volume information in over-the-counter ("OTC") equity securities. An OTC equity security generally is any equity that is not listed or traded on NASDAQ or a national securities exchange. OTCBB securities include national, regional, and foreign equity issues, warrants, units, American Depositary Receipts (ADR's) and Direct Participation Programs. The OTC market is made up of many different types of companies ranging from those that strive to be worthy of investor consideration to economically distressed companies to speculative shell companies.
5. Following the termination of the Commission's trading suspension of SPNG on October 16, 2009, SPNG shares were delisted from the OTCBB and were categorized on the Pink Sheet ("Pink Sheets") system as a Grey Market security ("Grey Market"). Securities in the Grey Market category have no designated Market Makers. These securities are not listed, traded or quoted on any stock exchange, the OTCBB or the Pink Sheets. Trades in Grey Market securities are reported by broker-dealers to their Self Regulatory Organization ("SRO") and the SRO distributes the trade data to market data vendors and financial websites so investors can track price and volume activity. Since Grey Market securities are not traded or quoted on an exchange or interdealer quotation system, investors bids and offers are not collected in a central location, so market transparency is diminished.
6. The Pink Sheets is an electronic quotation system, operated by Pink OTC Markets, Inc., that displays quotes from broker-dealers for many OTC securities. Market Makers and other broker-dealers can use the pink sheets to publish their bid and ask quotation prices. Grey Market securities are a category/tier of OTC market securities.

7. I obtained SPNG stock information from a Pink OTC Markets, Inc. - related website, otcQuote.com, which maintains corporate and financial information relative to Pink Sheet and other OTC quoted companies. The information available through otcQuote.com includes: quote and company information (news and reports, corporate actions); current market information; Market Maker data and directory; OTC company directory; current OTC market tiers and relative changes; and historical price, volume and quote data.
8. I obtained information about the price and volume of SPNG stock from commonly relied-upon financial resources, such as Bloomberg Professional Service ("Bloomberg"). Bloomberg provides real-time and historical financial data, market coverage, news, analytic tools and research combining equities, futures, options, fixed income and currency markets.
9. According to Bloomberg historical price and volume information, since the termination of its suspension (October 16, 2009) through April 20, 2010, SPNG stock has traded in the (closing price) range of \$0.025 to \$0.059, with volume between 226,020,352 shares (October 19, 2009) and 229,885 shares (March 26, 2010).
10. I reviewed price and volume activities of several other securities sharing the same Standard Industrial Classification (SIC) code as SPNG. The SIC code is a standard series of four-digit codes created by the U.S. government (Department of Labor) for categorizing business activities. The codes were established to designate various industries as defined by their functions and products. SPNG's SIC code is designated as 2840, categorized as soap, detergent, cleaning preparations, perfumes, cosmetics.
11. The additional securities reviewed were selected by their SIC codes, and cross-referenced with the Commissions database that maintains company filings. This database, The Electronic Data Gathering, Analysis, and Retrieval system (EDGAR) performs automated collection, validation, indexing, acceptance and forwarding of submissions by companies and others who are required by law to file forms with the Commission.

12. The additional securities , and their respective OTC market tier, reviewed were: Euoko Group, Inc. (EOUK – OTCQB); Impact Fusion International, Inc. (IFUS – Pink Sheets); Rhodia S.A - common stock (RHDAF – Grey Market); Rhodia S.A – ADR (RHAYY – OTCQX); and, Sentaída Tire Company Ltd. (SDTC – Pink Sheets).
13. The OTCQB market tier identifies companies that are registered and current in their reporting obligations with the Commission or report to a U.S. banking or insurance regulator. Pink Sheet companies follow the International Reporting Standard or the Alternative Reporting Standard by making filings publicly available through the OTC Disclosure and News Service pursuant to Pink OTC Markets guidelines. The OTCQX marketplace is the premier tier of the U.S. OTC market, offering investors transparent trading, superior information, and easy access through their regulated U.S. broker-dealers.
14. During the same time period (October 19, 2009 through April 20, 2010), SPNG stock traded at high volumes relative to the additional securities reviewed. EUOK traded in the (closing price) range of \$0.03 to \$0.25, with average daily volume of approximately 7,436 shares. IFUS traded in the (closing price) range of \$0.0103 to \$0.045, with average daily volume of approximately 104,324 shares. RHDAF traded in the (closing price) range of \$4.50 to \$18.75, with average daily volume of approximately 56 shares. RHAYY traded in the (closing price) range of \$14.30 to \$22.44, with average daily volume of approximately 2,005 shares. SDTC traded in the (closing price) range of \$0.07 to \$1.01, with average daily volume of approximately 104 shares.

I declare under penalty of perjury that the foregoing is true and correct.


Stephen P. Glascoe

Executed on May 12, 2010
Washington, D.C.